



ESG Strategy Summit 2023

Diversity

What is diversity?



2023 BOARD DIVERSITY INDEX

- Draws on data from ASX300 companies
- The only national report to take a forensic look at the whole spectrum of diversity
- Australian boards seem stuck. They're still generally "too male, too pale and too stale"
- Australian boards are yet to address the issue of ethnic diversity

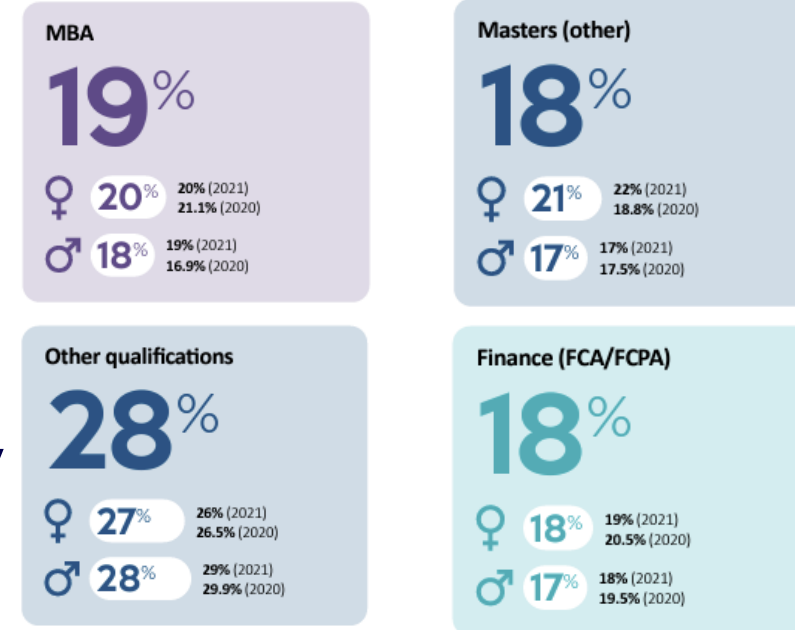


2023 Board Diversity Index

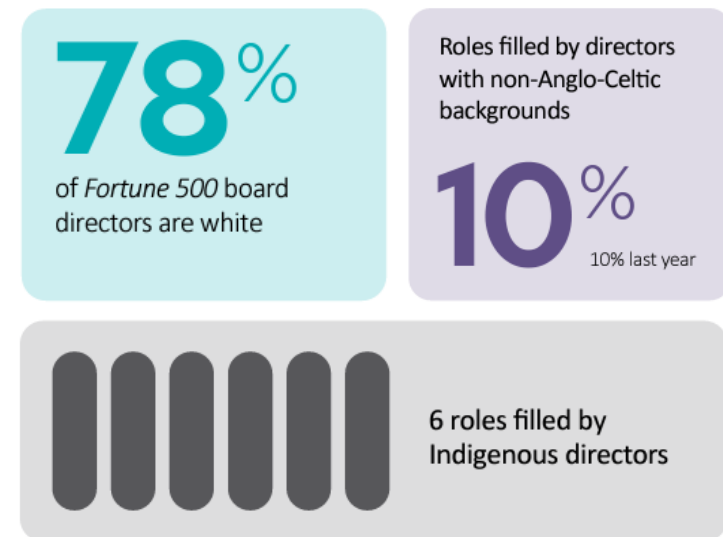
Diversity of age



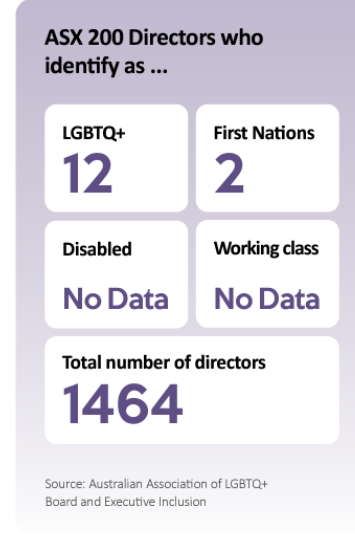
Diversity of skills



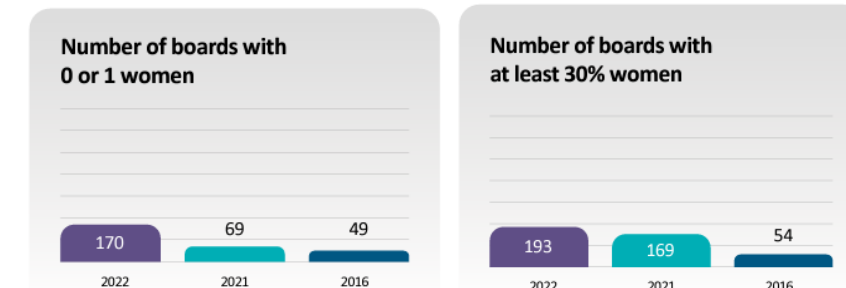
Cultural Diversity



LGBTIQ+ diversity



Gender diversity



The importance of diversity

- Innovation and creativity
- Better decision-making
- Improved problem-solving
- Increased adaptability
- Broader talent pool
- Enhanced customer understanding



Inclusion

- Equal opportunities and access to resources and decision-making.
- Open communication and collaboration among all members.
- Addressing and removing barriers and biases
- Promoting a culture of respect, empathy, and acceptance.



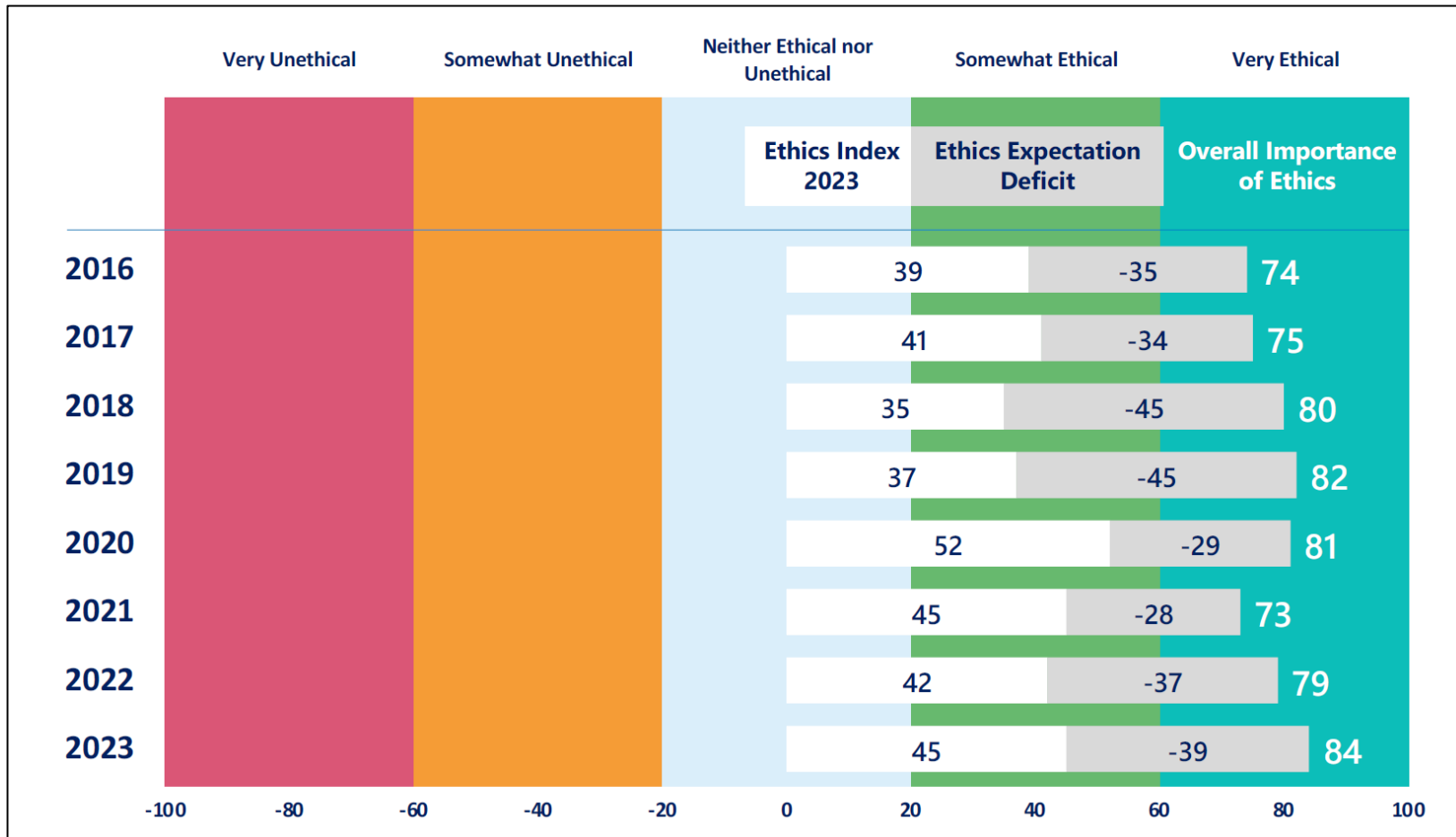
What is the Ethics Index?

- Annual nationwide survey now in its eighth year.
- Examines perceptions of ethical issues and conduct in Australian society.
- Provides a snapshot of what Australians believe to be the most and least ethical:
 - occupations
 - organisations and sectors
 - topical ethical challenges of today and the future



Ethics Index 2023

The importance of ethics is at an all-time high, but the Ethics Index - a cross-sector measure - has remained relatively stable, up 3 from last year.

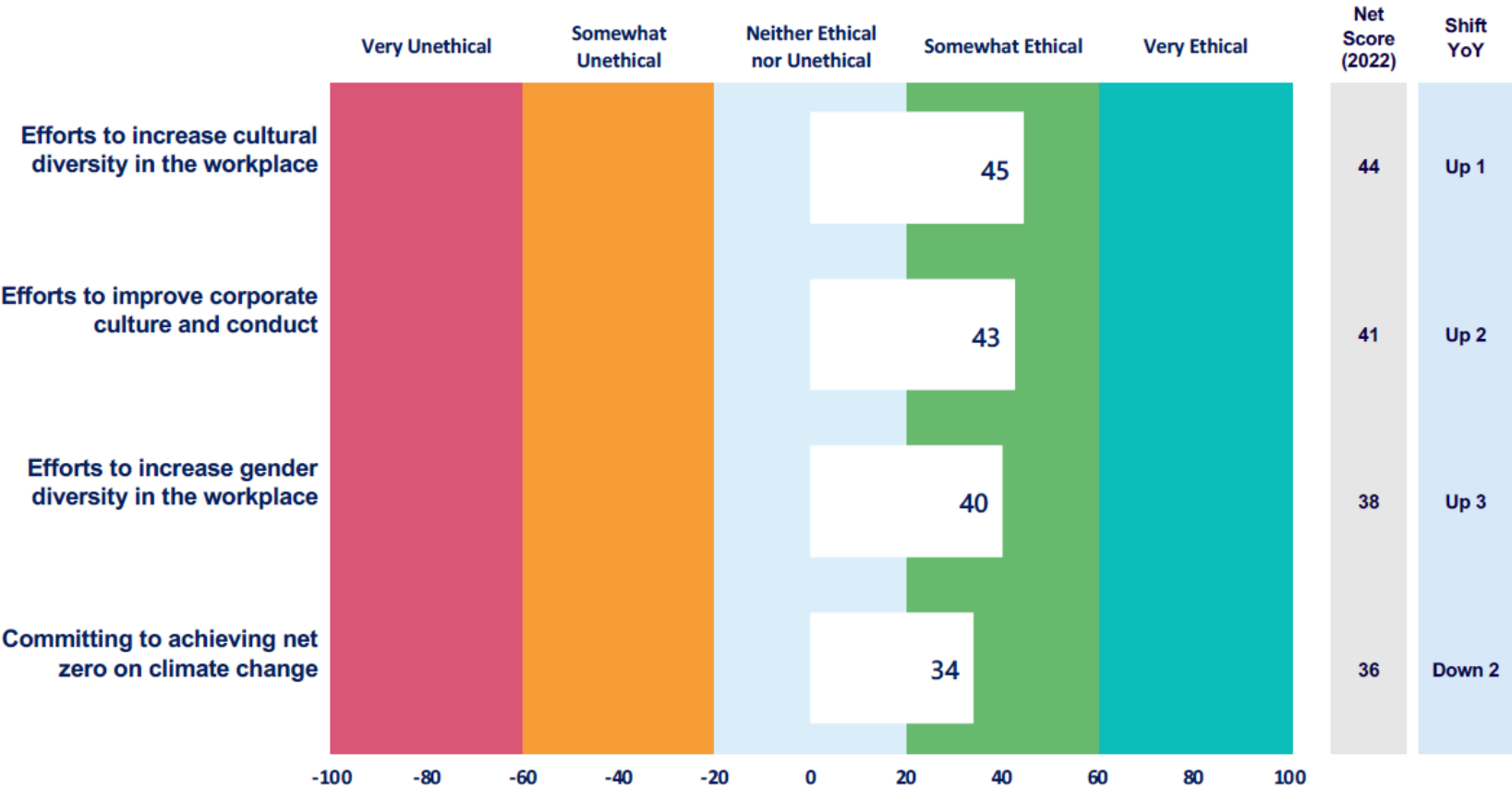


This leads to an increasing gap (Ethics Expectation Deficit) between the importance society is placing on ethical behaviour and broad ethical performance.

Ethics Index 2023

How ethical has the response been by business/ the corporate world in the last 12 months to:
Base: Australians 18-65, Ethics Index 2023 (n=1000) (excludes No Opinion and Don't Know for each statement)

Ethical response of the business/ corporate world (net score)



ASX principles and recommendations



Corporate
Governance
Principles and
Recommendations

4th Edition
February 2019

Recommendation 1.5

- Numerical targets for representation
- Non-numerical objectives such as “introducing a diversity policy” or “establishing a diversity council”
- Aspirational objectives such as “achieving a culture of inclusion”

ESG Reporting

What you should report:

Environmental

- Recycling and waste management
- Greenhouse gas emissions
- Deforestation
- Carbon footprint

Social

- Diversity, equity and inclusion
- Data protection and security
- Supply chain management
- Employment standards

Governance

- Composition of the board
- Investor relations
- Rights of shareholders
- Conflict of interest



ESG Reporting Expectations

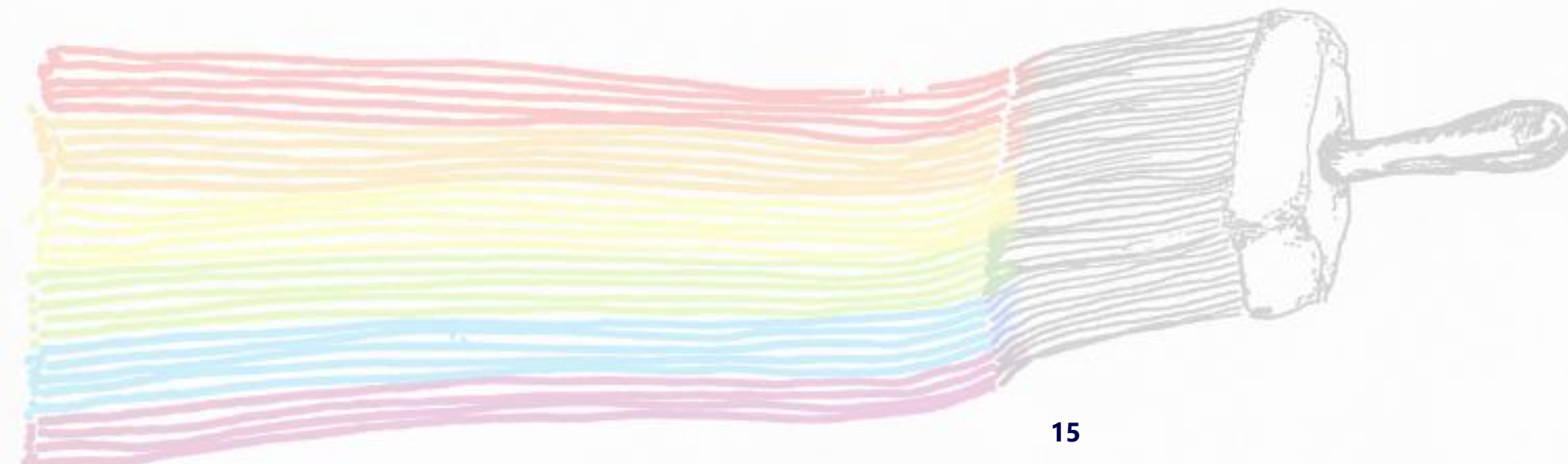
Principles for best practice reporting:

- Check assumptions
- Marketing vs Disclosure
- Accountability / transparency
- International Sustainability Standards Board (ISSB)
- *The Treasury Laws Amendment (2023 Measures No 1) Bill 2023*



Woke-washing

A company or organisation superficially adopts socially progressive or "woke" values and rhetoric to appear more socially responsible or politically correct than they are.



Greenwashing

A European Commission review of corporate websites found that 42 per cent of environment-related claims were exaggerated, false or deceptive.

Greenwashing

- The prevalence of greenwashing has increased in recent years
- Governance professionals must equip themselves and their boards to tackle the issue
- Robust governance structures are needed



Greenwashing

Case:

ASIC vs Vanguard Investments Australia Ltd

Issue:

Overstated claim to not invest in tobacco

Result:

\$39,960 infringement notice penalty

Vanguard[®]

Greenwashing

Case:

Volkswagen Aktiengesellschaft vs ACCC (2021)

Issue:

“Two mode software” used to cheat emissions standards tests

Result:

\$125 million pecuniary penalty



Greenwashing

Case:

Toyota Motor Corporation Australia (Toyota) vs Greenpeace, represented by the Environmental Defenders Office (EDO), lodged claim with the ACCC.

Issue:

Greenpeace, represented by EDO, lodged a greenwashing claim with the ACCC against Toyota to investigate whether environmental claims are misleading or deceptive.

Potential Result:

Toyota could face fines of up to A\$50 million.



Thank you